

Message Text

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ORIGIN AF-06

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DRAFTED BY AF/W:JKBISHOP:BA

APPROVED BY AF/W-JAMES K. BISHOP

AF/EPS-RDUNCAN (DRAFT)

EB/IFD/OIA-TBRODERICK (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY COTONOU

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E.O. 11652: N/A

TAGS: EINV, PFOR, EAID, DM

SUBJECT: DAHOMEAN NATIONALIZATION OF US INTERESTS

1. ACTING DIRECTOR BISHOP AF/W CALLED DAHOMEAN COUNSELOR SOGLO TO DEPARTMENT SEPT. 11 FOR DISCUSSION OF HIS GOVERNMENT'S FAILURE INITIATE NEGOTIATIONS ON COMPENSATION FOR NATIONALIZED ASSETS OF AMERICAN COMPANIES. IN THEIR CONVERSATION BISHOP EMPHASIZED THAT IN THE ABSENCE OF ANY EVIDENCE OF DAHOMEY GOVERNMENT INTENTION TO INITIATE NEGOTIATIONS DAHOMEY COULD BE FOUND INELIGIBLE FOR GENERALIZED PREFERENCES PROVIDED BY US TRADE ACT OF 1974. SOGLO ALSO WAS ADVISED THAT FAILURE OF HIS GOVERNMENT TO NEGOTIATE COMPENSATION COULD LEAD TO SUSPENSION OF US ASSISTANCE PROGRAMS. BISHOP STRESSED DESIRE OF USG TO AVOID BEING PLACED IN SITUATION WHERE IT WOULD BE NECESSARY TO APPLY PROVISIONS OF TRADE ACT AND FOREIGN ASSISTANCE ACT.

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SARY TO APPLY PROVISIONS OF TRADE ACT AND FOREIGN ASSIST-

ANCE LEGISLATION REGARDING UNCOMPENSATED NATIONALIZATION.

2. IN RESPONDING, SOGLO CITED ASSURANCES GIVEN BY DAHOMEY PRESIDENT THAT COMPENSATION WOULD BE PAID FOR NATIONALIZED FOREIGN ASSETS. HE REPORTED THAT NEGOTIATIONS WITH ONE FOREIGN BANK HAD BEEN CONCLUDED SUCCESSFULLY, CITING

ARTICLE IN AUGUST 22 ISSUE OF "MARCHES TROPICANX" REPORTING THAT DAHOMEY GOVERNMENT AND EUROPEAN PARTNERS IN SOCIETE DAHOMEENE DE BANQUE HAD AGREED ON COMPENSATION FORMULA INCORPORATING 50 PERCENT CASH PAYMENT WITH BALANCE BEING PAID OVER FIVE YEAR PERIOD. SOGLO SAID DELAY IN ARRANGING TALKS WITH US COMPANIES IS A FUNCTION OF WEAKNESS OF DAHOMEY'S ADMINISTRATION, AND HE ASKED THAT USG AND AMERICAN COMPANIES BE PATIENT. HE ADDED THAT WITH ITS LIMITED FINANCIAL RESOURCES DAHOMEY WOULD BE UNABLE TO COMPENSATE ALL FOREIGN INTERESTS SIMULTANEOUSLY.

3. BISHOP SAID SOME OF THE AMERICAN COMPANIES WERE BECOMING UNDERSTANDABLY IMPATIENT, AND THAT FOR SOME OF THESE FIRMS UNCOMPENSATED NATIONALIZATION IS A PROBLEM NOT RESTRICTED TO DAHOMEY. HE SUGGESTED THAT A STATEMENT BY THE GOVERNMENT TO THE COMPANIES INDICATING WHEN COMPENSATION NEGOTIATIONS COULD BE EXPECTED MIGHT RELIEVE THEIR ANXIETY. SOGLO PROMISED TO CONVEY THIS SUGGESTION TO HIS FOREIGN MINISTER DURING MEETING SCHEDULED FOR WEEKEND.

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